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*CanCorp*



*Head Office*  
Box 248 - Terminal A  
TORONTO - ONTARIO

CANADA  
MALTING CO.  
LIMITED



REPORT TO  
SHAREHOLDERS

*Malthouses and Elevators*

Montreal, Que.                      Winnipeg, Man.  
Toronto, Ont.                      Calgary, Alta.  
Thunder Bay, Ont.

For the Six months  
ended June 30, 1973

# CANADA MALTING CO. LIMITED

## TO OUR SHAREHOLDERS:

Earnings from operations for the first six months of this year were slightly lower than for the previous year, in spite of record malt shipments. Benefits of the increased volume were offset by higher operating costs and interest charges. In line with the experience of industry in general, costs of labour, materials and services have risen substantially over the past six months. Interest charges were higher due to an increase in rates and also higher loans required to finance our inventory, enhanced by high barley prices.

Net consolidated earnings per common share, after providing for preferred dividends applicable to the period, were \$1.58, compared with \$1.43 the previous year. The increase was entirely due to the reduction in Federal tax rates for 1973, approved during the second quarter, retroactive to January 1st.

Construction of additional malting capacity at Calgary is proceeding on schedule and, when completed, will make this the largest of our six malting plants. We expect that the new facility will be in production early next year.

Expropriation of the land and buildings comprising our Toronto Bathurst Street plant and offices has now been confirmed and negotiations regarding compensation are in progress.

On behalf of the Board,

Harry F. Graesser,  
President.

TORONTO, ONT.  
July 30, 1973

## Consolidated Statement of Earnings for the Six Months ended June 30, (unaudited)

	1973	1972
Net sales	\$27,631,313	\$24,379,244
Costs and expenses:		
Cost of products sold and all expenses except items shown below	23,623,732	20,635,504
Interest on debentures	42,323	48,000
Bank and other interest	318,992	180,237
Provision for depreciation	874,602	735,488
Amortization of leasehold interests	21,781	24,600
	<u>24,881,430</u>	<u>21,623,829</u>
Earnings from operations	2,749,883	2,755,415
Investment income	20,963	21,130
	<u>2,770,846</u>	<u>2,776,545</u>
Provision for income taxes	1,274,800	1,401,500
Earnings before minority interest	1,496,046	1,375,045
Minority interest in earnings of subsidiary	64,617	76,722
Net earnings for the period	<u>\$ 1,431,429</u>	<u>\$ 1,298,323</u>
Earnings per share after preferred dividends	\$1.58	\$1.43

## Source and Application of Funds for the Six Months ended June 30

	1973	1972
Source of funds:		
Net earnings	\$1,431,429	\$1,298,323
Charges against earnings not affecting cash outlay -		
Provision for depreciation	874,602	735,488
Amortization of leasehold interests	21,781	24,600
Deferred income taxes	271,000	39,000
Minority interest in earnings of subsidiary	64,617	76,722
Funds provided from operations	<u>2,663,429</u>	<u>2,174,133</u>
Application of funds:		
Additions to fixed assets (net)	2,264,467	1,206,597
Dividends on Series B preferred shares	167,910	134,328
Dividends on common shares	561,527	518,333
Redemption of Series B preferred shares	2,238,794	-
	<u>5,232,698</u>	<u>1,859,258</u>
Resulting in an increase (decrease) in working capital of	(2,569,269)	314,875
Working capital at January 1	9,556,840	9,171,891
Working capital at June 30	<u>\$6,987,571</u>	<u>\$9,486,766</u>